

COUNTYWI DE REVENUES General Fund

	Actual 2001-02	Adopted 2002-03	Recommended 2003-04	Increase/ Decrease	
<u>FISCAL SUMMARY</u>					
<u>Revenues</u>					
Taxes	\$ 69,385,378	\$ 67,690,000	\$ 71,240,000	\$ 3,550,000	5%
Lic., Permits, & Fran.	3,990,877	2,200,000	3,000,000	800,000	36%
Use of Money & Property	7,405,685	8,190,432	7,453,414	(737,018)	-9%
State Aid	98,939,909	93,750,000	99,700,000	5,950,000	6%
Federal Aid	1,223,107	610,000	1,010,000	400,000	66%
Charges for Services	3,897,347	3,950,000	2,837,000	(1,113,000)	-28%
Residual Equity Transfer In	3,921,152	0	0	0	0%
Tobacco Settlement Funds	9,659,834	9,700,000	2,225,000	(7,475,000)	-77%
Welfare Trust Recon. Funds	0	0	2,057,418	2,057,418	100%
IT Depreciation Funds	0	0	1,500,000	1,500,000	100%
Federal Medi-Cal Lawsuit	0	0	2,259,000	2,259,000	100%
Subtotal Revenues	\$ 198,423,289	\$ 186,090,432	\$ 193,281,832	\$ 7,191,400	4%
Stabilization Realignment	\$ 2,837,000	\$ 2,837,000	\$ 2,837,000	\$ 0	0%
State H & W Realignment	37,503,756	36,641,404	36,095,473	(545,931)	-1%
Total Revenues	\$ 238,764,045	\$ 225,568,836	\$ 232,214,305	\$ 6,645,469	3%

FUNCTION

Countywide Revenues are not related to the revenue generating activities of any particular County department and include property taxes, sales tax, motor vehicle in-lieu, interest, and other miscellaneous revenues. This revenue is used to fund the net County cost of General Fund County departments. Also included are State Health and Welfare Realignment revenues derived from Vehicle License Fees that are passed through the General Fund as required by statute to finance match requirements for the receipt of Realignment sales tax revenues.

OVERVIEW

The 2003-04 recommended Countywide revenues which support General Fund costs are recommended at \$232,214,305, a 3% (\$6,645,469) increase over the prior year due primarily to higher tax collections and motor vehicle in-lieu revenues. This increase is also attributable to one-time funding of Welfare Trust Fund reconciliation funds, Information Technology Depreciation Funds, and Federal funds resulting from a Medi-Cal litigation settlement. This increase is partially offset with reductions in interest earnings based on current interest rate trends and reduced revenues based on receiving 25% of the tobacco settlement proceeds.

COUNTYWIDE REVENUES

SUMMARY OF REVENUES

- Taxes (\$71,240,000). Property taxes are estimated at \$55,650,000 reflecting a 3% (\$1,800,000) increase based on prior year actual receipts, projected increases in the secured and unsecured assessed valuation roll, and a decline in the State assessed unitary (utility) valuations. Delinquent taxes are estimated at the prior year delinquency rate on secured and unsecured properties. Sales Tax is estimated at \$13,000,000, an increase of 8% (\$1,000,000) based on actual revenues received in the prior year. Property Transfer Fees are recommended at a 44% (\$700,000) increase based on 2002-03 actual revenues.
- Licenses, Permits, and Franchises (\$3,000,000). Represents a 36% (\$800,000) increase over the prior year due to increased franchise revenues based on actual receipts in 2002-03.
- Use of Money and Property (\$7,453,414). Interest earnings projected by the Auditor-Controller/Treasurer-Tax Collector based on current interest rate trends is estimated at \$2,262,982, a \$737,018 decrease from the prior year. Rental revenue of \$5,190,432 is also included for the lease of agricultural property at the Elkhorn site (\$21,000) and lease income for the University Medical Center (UMC) facility to Community Medical Centers (\$5,169,432).
- State Aid (\$99,700,000). Total State revenues are estimated at a 6% (\$5,950,000) increase. State Motor Vehicle In-Lieu revenue is projected to increase by 8% (\$4,000,000) based on prior year actual receipts. The recommended budget includes \$41,000,000 of Proposition 172 sales tax for local public safety, which represents an increase of \$2,000,000 over the prior year based on actual collections. State Williamson Act revenue is anticipated at \$5,600,000, which represents a \$100,000 decrease from the prior year based on prior year actual receipts.
- Federal Aid (\$1,010,000). Projected at a 66% (\$400,000) increase over the prior year based on actual receipts of Federal In-Lieu Taxes in 2002-03.
- Charges for Services (\$2,837,000). Estimated charges represent a 28% (\$1,113,000) decrease from the prior year based on the Auditor-Controller/Treasurer-Tax Collector's calculation of the Countywide cost allocation charges.
- Tobacco Settlement Funds (\$2,225,000). Recommended revenues represent a 77% (\$7,475,000) decrease in Tobacco Settlement funds based on receiving 25% of annual Tobacco Revenues. On June 18, 2002, the Board of Supervisors approved the issuance of Tobacco Settlement Asset-Backed Bonds at a 75% level to help finance the Juvenile Justice Campus project. The County will continue receiving 25% of the annual Tobacco Settlement revenues to partially finance the General Fund match required to receive Health and Mental Health Realignment revenues. Under the Bond structure, the first year's interest was capitalized, allowing the County to retain its \$9.7 million in projected Tobacco Settlement revenues in 2002-03. Beginning in 2003-04, the County will receive only its 25% share of revenues estimated at \$2,225,000.
- Welfare Trust Fund Reconciliation Funds (\$2,057,418). Through the reconciliation of account balances in a Human Services Welfare Trust Fund, it was determined by the Auditor-Controller/Treasurer-Tax Collector's Office that \$2.2 million is available for General Fund purposes. It is recommended that these one-time funds be used for the following purposes: 1) as a loan to the General Fund to offset costs associated with the State deferral of the local mandate reimbursement (\$1,294,641); 2) to offset one-time extra-help costs included in the Auditor-Controller's/Treasurer-Tax Collector budget (0410) related to the installation of the replacement PeopleSoft Financial System (\$107,682 included in the 0410 budget); 3) to offset one-time costs included in the Personnel Services Department budget (1010) related to labor relations training (\$34,900 included in the 1010 budget); and 4) \$762,777 for a special designation to help mitigate potential one-time funding reductions and/or one-time charges that are included in the 2003-04 Proposed State Budget. The designation of funds is included in the Contingencies, General Reserves, and Designations budget (8210).

COUNTYWI DE REVENUES

- Information Technology Depreciation Funds (\$1,500,000). In 2001-02, the Information Technology Services Department implemented the County equipment leasing program. As a result of the leasing program, it was determined that prior year depreciation funds that were set-aside for General Fund Department equipment replacement could be utilized for other General Fund purposes. It is recommended that a portion of these one-time funds be used to finance costs associated with County departmental operational, management, and financial audits (\$175,000) included in the Interest and Miscellaneous Expenditures budget (2540). It is also recommended that the remaining \$1,325,000 be put in a designation to help mitigate potential one-time funding reductions and/or one-time charges that are included in the 2003-04 Proposed State Budget. The designation of funds is included in the Contingencies, General Reserves, and Designations budget (8210).
- Federal Medi-Cal Lawsuit Settlement Revenues (\$2,259,000). Represents funding to be received by September 2003 for Fresno County's portion of an agreement settling the 1980 lawsuit against the State of California for inadequate Medi-Cal outpatient care reimbursement for patient care services provided at the former Valley Medical Center. This one-time revenue is recommended to partially offset a projected \$2.3 million shortfall in Social Service Realignment caseload growth revenues. The 2002-03 Adopted State Budget included a projected \$5.0 million in caseload growth that did not materialize due to a reduction in statewide sales tax collections. The Governor's 2003-04 Proposed State Budget once again includes a \$4.5 million projection in Social Services Realignment caseload growth. Due to the continued sluggish State economy, it is recommended that a 50% confidence level be used for the social services caseload growth revenues (\$2,250,000) which are included in the Local Health and Welfare Trust Fund budget (5243). It is also recommended that the shortfall in Social Services Realignment caseload growth revenues be partially offset with the one-time Federal Medi-Cal Lawsuit Settlement Revenues of \$2,259,000 in anticipation that the State economy will begin to rebound and fully fund the Social Services Realignment caseload growth in the 2004-05 fiscal year.
- State Health and Welfare Realignment (\$38,932,473). As allowed by statute, State Stabilization Realignment funds of \$2,837,000 are used to support County General Fund costs. These revenues are capped at the \$2,837,000 level. State Health and Welfare Realignment revenues derived from Vehicle License Fees are recommended at a 1% (\$545,931) decrease from 2002-03 as estimated by the State Department of Finance. As required by statute, these revenues are deposited into the County's General Fund, but must be used to finance match requirements for the receipt of State Health and Welfare Realignment sales tax revenues. As a result, they are transferred to the Local Health and Welfare Trust Fund and are not available to finance General Fund costs which fall outside the identified health, mental health, and social services program areas.

PENDING FACTOR

- The 2003-04 Proposed State Budget assumes that the Vehicle License Fee (VLF) "trigger will be pulled" and that the State will not be obligated to make offset payments in 2003-04. What remains to be seen, however, is the timing of the "pulling of the trigger" and the flow of VLF revenues to counties. As a result, counties remain concerned about the potential "gap" in funding that may occur depending on the timing issue. Should reductions in VLF funding be included in the Adopted State Budget, a midyear adjustment to the County budget will be required.